

## Message Text

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PAGE 01 STATE 218125  
ORIGIN EB-08

INFO OCT-01 EA-10 ISO-00 L-03 COME-00 TRSE-00 IO-13  
/035 R

DRAFTED BY EB/IFD/OIA:DVGRANT:KS  
APPROVED BY EB/IFD/OIA:M P BOERNER  
EA/TIMBS:E CHESKY  
L/EA:S ORLINS  
COMMERCE: J SEVER  
TREASURY: H SHAPIRO  
-----128117 282204Z /61  
R 281946Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY JAKARTA

LIMITED OFFICIAL USE STATE 218125

E.O. 11652: N/A

TAGS: EINV, ID

SUBJECT: SEA OIL/P.T. BAUD EXPROPRIATION CLAIM

REF: JAKARTA 10592

1. DEPARTMENT HAS REVIEWED REFTEL AND SUGGESTS E/C  
COUNSELOR ADDRESS FOLLOWING LETTER TO FINANCE MINISTER  
WARDHANA, WITH COPIES TO OTHER APPROPRIATE GOI OFFI-  
CIALS:

2. QUOTE DEAR MR. MINISTER:  
AS YOU ARE AWARE, ON SEVERAL OCCASIONS MEMBERS OF THE  
U.S. EMBASSY HAVE RAISED WITH HIGH INDONESIAN GOVERNMENT  
OFFICIALS THE MATTER OF SEA OIL AND GENERAL'S CLAIM FOR  
COMPENSATION FOR ITS NATIONALIZED PROPERTIES. THIS IS A  
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LONG OUTSTANDING CLAIM, AND DESERVES TO BE RESOLVED TO THE  
MUTUAL SATISFACTION OF BOTH PARTIES. AT A TIME WHEN THE  
INDONESIAN GOVERNMENT IS SEEKING TO ATTRACT NEW FOREIGN  
INVESTMENT, FAILURE TO REMOVE THIS CLAIM COULD SERVE AS AN  
IMPEDIMENT TO ACHIEVING THAT GOAL. I WOULD NOTE THAT THIS  
IS THE ONLY PRESENTLY OUTSTANDING CLAIM INVOLVING U.S. IN-  
VESTORS THAT THE INDONESIAN GOVERNMENT HAS NOT YET SUCCESS-

FULLY RESOLVED.

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3. FROM MY PERSPECTIVE, INTERNATIONAL ARBITRATION WOULD BE AN EXCELLENT MEANS OF PROCEEDING. DETERMINING THE APPROPRIATE FORUM AND RULES FOR THE ARBITRATION WOULD BE A MATTER FOR THE PARTIES THEMSELVES TO DECIDE.

4. I URGE YOU TO CONSIDER THIS AVENUE CAREFULLY. IN ANY EVENT, I HOPE THAT YOU ARE ABLE TO RESPOND SOON TO THE COMPANY'S LETTER OF JANUARY 5, 1978 PROPOSING THAT THE CLAIM BE SUBMITTED TO INTERNATIONAL ARBITRATION. PLEASE LET ME KNOW IF I CAN BE OF ANY ASSISTANCE IN THIS MATTER.

SINCERELY, HENRY BARDACH UNQUOTE.

5. THIS IS SUGGESTED TEXT ONLY. EMBASSY'S COMMENTS AND/OR SUGGESTED REVISIONS ARE WELCOME. CHRISTOPHER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CLAIMS, PETROLEUM INDUSTRY, FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE218125  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** DVGRANT:KS  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** 2123635a-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**SAS ID:** 1599723  
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**TAGS:** EINV, ID  
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**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014